

CLAIMS

What is claimed is:

1. A convertible security comprising:

a maturity component providing a maturity term of the convertible security;

a conversion component providing terms and conditions for converting the convertible security for another asset;

a contingent component providing one or more payment contingencies triggered upon the occurrence of one or more specified conditions; and

a remarketing component providing terms and conditions for remarketing the convertible security to new investors,

wherein, after remarketing, the convertible security remains outstanding and potential recapture of excess tax benefits is postponed until the convertible security ceases to be outstanding.
2. The convertible security of claim 1, wherein the contingent component is structured to ensure that the convertible security qualifies for treatment as a contingent payment debt instrument under the tax code.
3. The convertible component of claim 1, wherein the contingent component provides a testing period for evaluating whether a contingency is triggered.

4. The convertible security of claim 1, wherein a contingent payment amount is based on fixed values.

5. The convertible security of claim 3, wherein a contingent payment amount is a percentage of average market price of the convertible security for the testing period.

6. The convertible security of claim 1, wherein the contingent component includes a contingency providing that if the convertible security trades above a threshold multiple of the par or accreted value, a contingent payment is made.

7. The convertible security of claim 6, wherein the contingent payment is a percentage of average market price.

8. The convertible security of claim 1, wherein the contingent component includes a contingency providing that a coupon will be stepped up if the stock trades below a certain percentage of a conversion price.

9. The convertible security of claim 1, wherein projected contingent payments are calculated based on forward prices and expected values of the projected contingent payments.

10. The convertible security of claim 9, wherein a comparable yield is determined by referencing a yield of a fixed-rate nonconvertible debt instrument with terms and conditions similar to terms and conditions of the convertible security.

11. The convertible security of claim 9, wherein, a projected payment schedule includes each noncontingent payment and the projected contingent payments.

12. The convertible security of claim 9, wherein adjustments are made based on a comparison of projected contingent payments to actual contingent payments.

13. The convertible security of claim 1, wherein the remarketing component provides that the convertible security is remarketed as a new straight debt security.

14. The convertible security of claim 1, wherein the remarketing component provides that the convertible security is remarketed as a new convertible security.

15. The convertible security of claim 1, wherein a determination of whether to remarket is based on a comparison of a stock price and a conversion price at a remarketing time.

16. The convertible security of claim 15, wherein if the stock price at the remarketing time is greater than or equal to the conversion price, the convertible security is not remarketed.

17. The convertible security of claim 15, wherein if the stock price at the remarketing time date is less than the conversion price, the convertible security is remarketed as straight debt.

18. The convertible security of claim 15, wherein if the stock price at the remarketing time is less than the conversion price, the convertible security is remarketed as a new convertible security that may be remarketed again.

19. The convertible security of claim 15, wherein if the stock price at the remarketing time is less than the conversion price, the convertible security is remarketed as a new convertible security that may not be remarketed again.

20. The convertible security of claim 15, wherein the determination on whether or not the convertible security will be remarketed is made on multiple remarketing dates.

21. The convertible security of claim 1, wherein a determination of whether to remarket is based on a comparison of a bond price and a fixed price at a remarketing time.

22. The convertible security of claim 21, wherein if the bond price at the remarketing time is greater than or equal to a fixed price, the convertible security is not remarketed.

23. The convertible security of claim 21, wherein if the bond price at the remarketing time is less than a fixed price, the convertible security is remarketed as a straight debt security.

24. The convertible security of claim 21, wherein if the bond price at the remarketing time is less than the fixed price, the convertible security is remarketed as a new convertible security that may be remarketed again.

25. The convertible security of claim 21, wherein if the bond price at the remarketing time is less than the fixed price, the convertible security is remarketed as a new convertible security that may not be remarketed again.

26. The convertible security of claim 21, wherein the determination of whether to remarket is made on multiple remarketing dates.

27. The convertible security of claim 1, further comprising a warrant component.

28. The convertible security of claim 27, wherein the warrant component provides investors with an option for an additional number of shares above a conversion price.

29. The convertible security of claim 27, wherein the warrant component fixes a conversion rate.

30. The convertible security of claim 1, further comprising a call component providing a call protection period.

31. The convertible security of claim 1, wherein the convertible security comprises one or more remarketing dates.

32. The convertible security of claim 1, wherein after remarketing the security cannot be paid in stock and cannot be converted into stock of the issuer.

33. The convertible security of claim 1, wherein the term is thirty years.

34. The convertible security of claim 1, further comprising a coupon component providing a floating rate.

35. A financial method comprising the steps of:
issuing a convertible security to a holder, the convertible security including a maturity component providing a maturity term of the convertible security, a conversion component providing terms and conditions for exchanging the convertible security for another asset, a contingent component providing one or more payment contingencies triggered upon the occurrence of one or more specified conditions, and a remarketing component providing terms and conditions for remarketing the convertible security to new investors; and
offering, at a remarketing time, the convertible security to one or more new investors,

wherein, after remarketing, the convertible security remains outstanding and potential recapture of excess tax benefits is postponed until the convertible security ceases to be outstanding.

36. The method of claim 35, further comprising calculating projected contingent payments.

37. The method of claim 36 wherein the projected contingent payments are calculated based on the forward prices and expected value of the contingent payments..

38. The method of claim 37, wherein a comparable yield is determined by referencing a yield of a fixed-rate nonconvertible debt instrument with terms and conditions similar to terms and conditions of the convertible security.

39. The method of claim 37, wherein a projected payment schedule includes each noncontingent payment and the projected contingent payments.

40. The method of claim 36, further comprising making adjustments based on a comparison of projected contingent payments to actual contingent payments.

41. The method of claim 40, wherein if the actual contingent payments are greater than the projected contingent payments, a positive adjustment is made.

42. The method of claim 40, wherein if the actual contingent payments are less than the projected contingent payments, a negative adjustment is made.

43. The method of claim 35, wherein the convertible security is remarketed as a new straight debt security.

44. The method of claim 35, wherein the convertible security is remarketed as a new convertible security.

45. The method of claim 35, wherein a determination of whether to remarket is made based on a comparison of a stock price and a conversion price at a remarketing time.

46. The method of claim 35, wherein a determination of whether to remarket is made based on a comparison of a bond price and a fixed price at a remarketing time.

47. A computer system comprising:
an issuing agent for issuing a convertible security to a holder, the convertible security including a maturity component providing a maturity term of the convertible security, a conversion component providing terms and conditions for exchanging the convertible security for another asset, a contingent component providing one or more payment contingencies

triggered upon the occurrence of one or more specified conditions, and a remarketing component providing terms and conditions for remarketing the convertible security to new investors; and

a remarketing agent for offering, at a remarketing time, the convertible security to one or more new investors, wherein, after remarketing, the convertible security remains outstanding and potential recapture of excess tax benefits is postponed until the convertible security ceases to be outstanding.